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SUBJECT: CANE FARMERS' STRIKE THREATENS SUGAR INDUSTRY

1. On January 27, 2009, the Belize Cane Farmers Association initiated a general strike. The decision followed a one-day strike in which the cane farmers refused to deliver their cane to the factory at Tower Hill for processing. The controversy was caused by the introduction of a core sampler, a new piece of equipment which indicates the quality of sugarcane before it is processed in the factory. Sugarcane quality is an indication of the amount of 'usable cane' derived from each stalk. Low quality cane yields a lower amount of 'usable cane'. After using the new sampler for several weeks, factory technicians found that much of the sugarcane supplied by farmers was of low quality. As a result some farmers were paid as much as 16% less for each ton delivered. The farmers want the factory to suspend use of the core sampler. The Sugar Industry Control Board issued a press release on January 28 stating that the quality testing is essential to improving the efficiency of the industry locally and making the industry more competitive globally.

2. Emergency meetings between representatives from the Cane Farmers Association and the Sugar Control Board as well as meetings between the Cane Farmers Association and the Minister of Agriculture have been unproductive. Losses due to the strike over the past two days have been estimated at USD 300,000. On February 2, riots occurred as the sugarcane farmers blocked the Tower Hill road in northern Belize. Police were called to the scene. Post will follow this issue and provide additional reporting.

3. During a meeting with Poloff in December, the Deputy Minister of Agriculture (CEO) noted that producers of sugar for the domestic market were shifting their production to export markets as they tried to benefit from higher prices offered in neighboring countries. (Note: Sugar is considered a staple product in Belize and is therefore subject to GOB price controls. End Note.) He further indicated that there were some internal disputes within the Cane Farmer Association which had contributed to a reduction in sugarcane production. Funding received from the EU last year has not translated into higher yields in sugar production according to the CEO.

4. Comment: According to the Statistical Institute of Belize, from January to August 2008, Belize exported nearly 30,000 tons of sugar (USD 31 million) compared to 42,000 tons (USD 44 million) in 2007. The strike and introduction of the new core sampler will not improve production levels in the near-term. So far this year, no sugar shortages have been noted in the local marketplace. However, continued strikes and lower prices for sugar threaten Belize's ability to meet sugar quotas for export as well as the supply needs of the domestic market. End Comment.

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